TAR TECHNICAL WORKING GROUP
MEETING NOTES

Thursday 30 March 2023 (2-4pm AEST)

Chair: Neil Gibbs (Online Power)

Attendees: Amanda Sinden (ESB), Ben Skinner (AEC), Bill Jackson (ElectraNet), Byron Carter (PowerLink QLD), Christiaan Zuur (CEC), Con Van Kemenade (ACEN), Dave Smith (Creative Energy), David Swift (ESB), Dan Mascarenhas (Energy Australia), Eli Pack (AEMO), Jack San (AusNet), Jonathan Upson (Tilt Renewables), Manas Choudhury (Edify Energy), Martin Hemphill (RES), Mim Balcombe (ESB), Morgan Rossiter (CEC), Robert Pane (Intergen), Peter Brook (AEC), Storm Scarlett (AER), Teaghan Wilson (ESB), Tom Gibson (Online Power), Tom Livingstone (AEMO), Tom Walker (CEPA), Verity Watson (ENA).

Time	Topic	Key points/action items
2:00	Welcome, objectives & agenda	• Neil Gibbs opened the session and welcomed the TWG. • Neil passed to Anna Collyer to open the session and pass on her thanks to Jess Hunt for her contribution towards the TAR program of work at the ESB. • Neil covered the agenda for the session and passed to the ESB project team to start the presentation.

2:10	Priority Access	• The ESB provided an overview of the alternative priority access allocation methods.
		• There were three preliminary options presented for allocating access rights.
		  ○ Option 1: Priority access is a premium service.
		  ○ Option 2: Tool to discourage inefficient entry
		  ○ Option 3: Tiers align to hosting capacity.
		• A range of policy levers were also proposed to calibrate between incumbents and new entrants.
		• The TWG discussed several questions as noted below
		• The TWG asked how does this impact parties who are already connected? Will there be any trading of rights?
		  ○ For existing generators, ESB noted that it is an open discussion point regarding the grandfathering arrangements.
		  ○ ESB noted that the queue number itself would not be tradable; it is assigned to a DUID which is specific to a

		particular network location. This means it is not easily traded as a financial right but parties may choose to separately trade the cashflows based on the priority levels i.e. a secondary market. The CRM also provides a mechanism to achieve this.
		• The TWG noted alternate views on the tiered approach:
		  ○ The meshed nature of the network makes the tiered approach difficult. With tiers, constraints up the QLD coast, there would need to be tiers within each zone and reflect priority that sit behind CQSQ (example)/
		  ○ But the tier could be better for the connection process to mitigate the rush to connect.
		• TWG asked whether the ESB considered a cut-off point for the priority levels? Is there a potential threshold?
		  ○ ESB responded not at this stage. The team is considering adjusted bid price floors from different parties. It will give the parties a preference in dispatch but it does not represent an absolute priority.
		• TWG noted there would likely be short-term impacts to dispatch efficiency if there wasn't a high level of participation in the CRM.
		  ○ ESB noted that any inefficiencies created in the energy market would lead to greater efficiency dividends in the CRM (encouraging participation).
		  ○ TWG nevertheless noted the risk where existing projects have a higher level of priority but create inefficiency and do not participate in the CRM; it would make it difficult for others to invest without knowing there are liquid opportunities for CRM trading.
		• TWG asked whether plants should be assigned tier 1 if they provide system strength/dispatchability to encourage those services. Another TWG member commented that system services should be unbundled from TAR.
		• TWG asked what level of congestion is acceptable for each tier? This will be tricky. There will need to be considerations for sync condenser rule change. This may not be the only tool – clauses on PPAs that now list normal congestion under Force Majeure – may stop projects from proceeding.
		  ○ The ESB noted the delineation of tiers is a complex process and remains open for discussion. It is a valid

		question and needs agreement on the process to reach a landing. ○ The tiered approach is intended to send the right signals to investors to prevent inefficient investments and to incentivise locating in areas where transmission is available without cannibalising existing generators. • The TWG questioned the underlying assumption that developers were incentivised to locate in already highly congested locations. ○ The ESB noted that the investors are responding rationally to today's market signals; they are incentivised to locate in strategic areas of the network. This is financially beneficial to the incoming generator but the problem is that it can have limited benefit to the overall system if it is constraining existing generation. • Following discussion on the options, the TWG members were asked to provide feedback into the MURAL tool on pros/cons and application of policy levers across the three options. • During the MURAL activity the following points were raised in discussion: ○ If the network is augmented, this enables new generators to be accommodated into the better tiers (i.e. a higher tide). It is not about discouraging new investment; it is intended to incentivise an efficient level of investment. ○ There were mixed views on the treatment of incumbents and the protection of priority levels vs release of priority for old and new generators.
4:00	Meeting Close	• The ESB project team covered the next steps as well as priority for the next session. • It was also noted that the MURAL boards would remain open for additional feedback post TWG. • Neil brought the meeting to a close.